

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;  
Ann C. Fisher, Vice Chairman;  
Mark Acton;  
Ashley E. Poling; and  
Robert G. Taub

Competitive Product Prices  
Priority Mail Express International, Priority Mail  
International, First-Class Package International  
Service & Commercial ePacket Contract 2 (MC2020-157)  
Negotiated Service Agreements

Docket No. CP2020-173

ORDER APPROVING MODIFICATION TWO TO PRIORITY MAIL EXPRESS  
INTERNATIONAL, PRIORITY MAIL INTERNATIONAL, FIRST-CLASS PACKAGE  
INTERNATIONAL SERVICE & COMMERCIAL EPACKET  
NEGOTIATED SERVICE AGREEMENT

(Issued May 26, 2022)

I. INTRODUCTION

The Postal Service seeks to modify a Priority Mail Express International, Priority Mail International, First-Class Package International Service & Commercial ePacket negotiated service agreement.<sup>1</sup> For the reasons discussed below, the Commission approves the modifications.

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<sup>1</sup> Notice of the United States Postal Service of Filing Modification Two to Priority Mail Express International, Priority Mail International, First-Class Package International Service & Commercial ePacket Contract 2 Negotiated Service Agreement, May 16, 2022 (Notice). The modification is an attachment to the Notice (Modification).

## II. BACKGROUND

In Order No. 5568, the Commission approved the Priority Mail Express International, Priority Mail International, First-Class Package International Service & Commercial ePacket Contract 2 negotiated service agreement (Existing Agreement).<sup>2</sup> On May 16, 2022, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement. On May 17, 2022, the Commission issued a notice reopening this docket to consider the Modification, appointing a Public Representative, and providing interested persons with an opportunity to comment.<sup>3</sup>

The Postal Service intends for the Modification to become effective on June 1, 2022. Notice at 1. The Postal Service filed supporting financial documentation and a certified statement, as required by 39 C.F.R. § 3035.105. *Id.*

## III. COMMENTS

Comments were filed by the Public Representative.<sup>4</sup> No other person submitted comments. The Public Representative reviewed the Amendment, the Existing Agreement, and the financial model filed under seal. PR Comments at 2. Based on that review, she concludes that the Existing Agreement, as amended, should continue to generate sufficient revenue to cover costs and satisfy 39 U.S.C. § 3633(a). *Id.*

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<sup>2</sup> See Docket No. MC2020-157, *et al.*, Order Adding Priority Mail Express International, Priority Mail International, First-Class Package International Service & Commercial ePacket Contracts to the Competitive Product List, June 26, 2020 (Order No. 5568). The contract was later modified. See Docket No. CP2020-273, *et al.*, Order Approving Modifications to Priority Mail Express International, Priority Mail International, First-Class Package International Service & Commercial ePacket Negotiated Service Agreements, January 19, 2021 (Order No. 5820).

<sup>3</sup> See Docket No. CP2020-173, *et al.*, Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, May 17, 2022.

<sup>4</sup> Public Representative Comments on Notice of the United States Postal Service of Filing Modification Two to PMEI, PMI, FCPIS & Commercial ePacket Contract 2 Negotiated Service Agreement, May 24, 2022 (PR Comments).

#### IV. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the accompanying materials filed under seal, and the comments filed by the Public Representative.

*Cost considerations.* The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement is set to expire May 31, 2022.<sup>5</sup> The Modification revises the expiration date of the contract to May 31, 2023. Notice at 1.

The Modification revises terms relating the use of USPS-approved software and the annexes detailing prices for qualifying mail. Notice, Attachment 1 at 1-12.

Based on a review of the record, the Commission finds that the Existing Agreement, as modified is projected to cover their attributable costs. For this reason, the Commission finds that the Modification should not result in competitive products as a whole being subsidized by market dominant products, in accordance with 39 U.S.C. § 3633(a)(1). Similarly, it finds the Modification is unlikely to prevent competitive products as a whole from contributing an appropriate share of institutional costs, consistent with 39 U.S.C. § 3633(a)(3). Accordingly, a preliminary review of the Modification indicates it is consistent with section 3633(a). The Commission will review the cost coverage of the Existing Agreement, as modified, and the contribution of competitive products as a whole to the Postal Service's institutional costs in the

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<sup>5</sup> See Order No. 5568 at 7 (setting original expiration date as June 30, 2021); Order No. 5820 at 10 (revising expiration date to May 31, 2022).

Commission's Annual Compliance Determination to ensure that they continue to comply with 39 U.S.C. § 3633(a).

*Other considerations.* The Postal Service states that the Modification shall become effective on June 1, 2022. Notice at 1. The Existing Agreement, as modified, is set to expire May 31, 2023. *Id.*

If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified.

## V. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the Priority Mail Express International, Priority Mail International, First-Class Package International Service & Commercial ePacket Contract 2 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the revised expiration date, May 31, 2023.

By the Commission.

Erica A. Barker  
Secretary